



FACTORS INFLUENCING CUSTOMER SATISFACTION OF BANGLADESHI LEATHER PRODUCTS MANUFACTURING INDUSTRY

Md Enamul Islam, PhD
ORCID Id: 0000-0002-0159-0108

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ABSTRACT

This research has been undertaken to find if product, service and information qualities influence customers' satisfaction with Bangladeshi leather products in Bangladesh. Bangladesh's leather product industries are the second largest contributor to the national GDP. The country itself has a large consumer. Customer satisfaction has increasingly become in concern of the business conglomerates in Bangladesh. Previous research has empirical evidence that product, service and information quality influence customer satisfaction. This research is a benchmark to understand how these factors together impact customer satisfaction. Research shows that all these exogenous latent constructs have a significant positive impact on customer satisfaction. The article theoretically contributes to the existing literature by testing a hypothetic deductive model among 384 customers in Dhaka City. Variance-based statistical tools (particle least squared equation model) were used to test the hypotheses. The result of the study arises a convincing case for the entrepreneurs of Bangladeshi leather products manufacturing industries regarding taking due attention to improving the product, service and information quality.

KEYWORDS: Customer satisfaction, Leather industries, Product quality, Information quality, Service quality, Bangladesh.

INTRODUCTION

The extensive application of commercial digital technologies in today's information age has displaced the old method of public contact. Entrepreneurs are expanding their reach; there is a greater need for increased operational efficiency, product quality, and service quality (Uddin and Cheng, 2014). The proliferation in technology usage is observed in organisations; while entrepreneurs face a tremendous challenge while providing the best service with good quality product/s and keeping the consumer informed. The significance of customer satisfaction is recognised in a commercial enterprise (Raja Irfan *et al.*, 2014). Customers are sources of revenue that make steady companies. Companies which know how to keep their customers happy can experience excellent financial stability; Customer satisfaction is an essential component of future business. Satisfaction is a satisfactory explanation. It is a judgment about the nature and quality of the product itself that provides a pleasurable experience that contributes to overall fulfilment. Regular research on consumer satisfaction helps business organisations change their business strategy (Uddin and Cheng, 2014).

Customer satisfaction is usually associated with the product quality and service quality provided by the entrepreneurs and if the consumers are informed about the product. These factors together can represent consumer satisfaction. The business owner utilises various strategies to survive keeping the customers satisfied (Tuan and Rajagopal, 2018). A key strategy to building a prosperous economy is to

satisfy customers which ensures long-term growth. Businesses nowadays recognize the value of customer retention and work to understand how a "black box" of consumers influences brand choice (Hanif, Hafeez and Riaz, 2010).

Research on consumer satisfaction is a continuous process and never-ending primarily when multi-national and multi-dimensional companies operate in the same market. An experimental study is necessary to understand the factors affecting user satisfaction with any organisation's consumer products and services.

OBJECTIVES

The core concept of this research is to identify the factors influencing customers' satisfaction with Bangladeshi Leather Products Industries keeping in mind the following objectives:

- To evaluate the influence of product quality on customer satisfaction with Bangladeshi leather products.
- To determine if service quality influences the customer satisfaction of Bangladeshi leather product consumers.
- To find out how information quality influences the customer satisfaction of Bangladeshi leather product consumers.

LITERATURE REVIEW

Today's consumer product manufacturing industries are faced with multi-dimensional challenges. The



manufacturers need to emphasise more on the department's ability to support the product. Evaluate suppliers' ability to meet deadlines and process efficiencies. Suppliers' service is provided to their customers. Complaint management system, weight, durability, price and performance of the product as well keeping the product within the budget. The supplier's mannerisms and interactions with the customers also play a vital role (Raja Irfan *et al.*, 2014).

It is improbable that the manufacturer would be able to provide all the necessary features demanded by their customers. It is good and bad products and services, such as those that delight customers or ones that irritate them. The final opinion is the result of a lot of customer feedback over time. The greater the good aspects, the more a customer is satisfied with the purchase. The service provider's intended outcome should always be to enhance the positive feelings of all its customers to increase customer satisfaction. Leather goods manufacturers should provide a means of augmenting its positive aspects by evaluating customer information using experimental research. Bangladeshi leather wears manufacturers often open outlets for reaching the desired customers. The service of these outlets is important for maximizing revenue. Therefore, it is essential to focus on customers' requirements and their financial capability (Tojib, Sugianto and Sendjaya, 2008).

Service quality generally focuses on what customers expect regarding performance, and how well they meet these expectations. A business with high service quality can adapt to changing customer demands while at the same time maintaining quality. Service quality, customer satisfaction, and a firm's business strategy should be priorities for its overall strategy. In addition to measuring and reviewing customer-related strategies, regular monitoring and evaluation of customer needs can help managers implement the products/services that customers value the most, while also retaining existing customers. Second, managers should view their organisation as a complex system comprised of many components and, more importantly, managers should put their efforts into bringing all these different components together to serve a common objective (Islam, Juhi and Raju, 2020). The significant contribution of previous research in customer satisfaction-related study is to test various constructs in relationship marketing literature such as service quality, customer satisfaction, and customer loyalty to test their interrelationships in a different context. Satisfaction is determined by how much a customer likes the product of the manufacturer. Therefore, a hypothesis can be developed that customer satisfaction is significantly influenced by the service

quality provided by the manufacturer or the distributor/supplier (H_1).

Product quality involves incorporating attributes committed to meeting needs (wants) and providing customers with loyalty by improving goods and services (products) and making them free from any defects or abnormalities. A pictorial view of the attributes of product quality can be seen in Figure 1. Most businesses will not succeed if they cannot build confidence with prospective customers; countless opportunities are lost when manufacturers fail to meet customer choice and demand. However, by having the confidence and loyalty of consumers, the business has the freedom to raise prices without losing the same level of consumer loyalty. Maintaining and delivering high-quality products and services is an effective way to encourage consumers to appreciate and build trust in the products they purchase. Kaniganat and Chaipoopirutana (2014) have concluded that customer satisfaction is directly influenced by product quality while indirectly through the perception of price fairness.

They are generally able to offer the lowest service cost and can be used to offer premium services. They act as brand ambassadors for the supplier, encouraging others to purchase the product. Hence the Bangladeshi leather goods industries need to ensure good quality products in the market and nurture their customers to create a strong bonding with them in the short-run and then focus on higher profits in the long run over the whole life cycle of customers. Therefore, it can be hypothesised that product quality significantly affects consumer satisfaction (H_2).

Information quality refers to the value of the information and the usefulness or utility of the given information. Good information is that which is applied and adapted to solve problems. Recent studies show that useful information contains numerous qualities and characteristics. Useful information is relevant to the problem and sufficiently accurate for its purpose, complete in terms of substance, reliable and targeted to the right audience (DeLone and McLean, 2003). Business profit depends on selling products. Unlike other factors, information quality also matters most when today's consumer has easy access to the information system. It is the supplier or manufacturer's prime responsibility to provide timely and necessary information to the consumers. One best way to keep customers informed is through mass media advertisements and online platforms (Alshikhi and Abdullah, 2018).

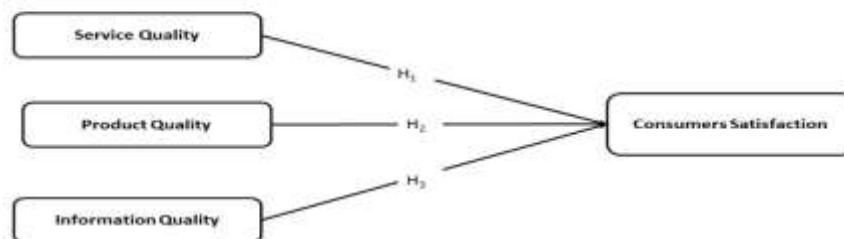
Figure 1: Various attributes of product quality, adapted from Caramela (2020)



Information quality can be ensured in terms of accuracy, timeliness, completeness, relevance, and consistency. The more quickly and precisely, entrepreneurs can provide the consumer's information, the best marketing they can achieve. Easy access to information technology, such as the internet, makes consumers' lives more comfortable to find the right quality products from the market. Even a consumer who

wishes to purchase spices from the local market nowadays googles search to find the best quality products. Therefore, it can be hypothesised that entrepreneurs' ability to produce information quality might significantly influence customer satisfaction (H_3). A pictorial view of the conceptual framework is shown in Figure 2.

Figure 2: Hypothesised relationship of latent constructs



METHODOLOGY

This research aims to study the influence of service, product, and information quality on leather products customer satisfaction. The retrospective-perspective study is based on a hypothetic deductive model. A survey questionnaire was developed to get a response from the target population. This research is confined to the leather goods products such as shoes, bags, belts, ladies' and gents' wear and other leather show pieces usually sold in the local market.

Apart from the demographic variable such as age, gender, marital status, and average monthly purchase, the researchers used four sub-scale to measure the latent constructs. The subscales are adapted from existing literature. For example, the researcher has adapted the scale developed by Kaniganat and Chaipoopirutana (2014) for measuring the endogenous latent construct "Customer Satisfaction". The Sub-scale to measure the exogenous latent construct "service quality" was adapted from Masukujjaman (2010). The items to measure product quality variable was adapted from Li (2013). The information quality sub-scale was adapted from

DeLone and McLean’s “information Service” success model (2003). Since the researcher adapted the sub-scales from existing literature which was conducted in the developed nation, a pilot study was necessary to find out the validity and reliability (Kumar, 2011). The researcher conducted a pilot study with 65 respondents.

The targeted populations are 18 to 70 years old customers in and around Dhaka city. The researcher has collected data from 384 samples (the number of populations is unknown). The unit of analysis is individual customers who have consumer products on their shopping lists. The researcher used a purposive sampling technique for selecting the samples (Sikder, 2019).

RESULT AND DISCUSSION

The pilot study achieved .835 Cronbach Alpha with 42 items in 4 variables; however, expert opinion was taken from marketing research experts who have suggested reducing items. The researcher conducted a confirmatory factor (CFA) analysis and kept 28 items beside four demographic variables. The final study was conducted from July 2020 to November 2020. The research has confirmed the data purification before

statistical analysis. Mahalanabis Distance test (D^2) was used to find out potential outliers. The D^2 value was (40.3397) below the critical value considering the degree of freedom (28) and $P < .05$. The result indicates that the data set is free from outliers. However, the data set failed to achieve a normal distribution.

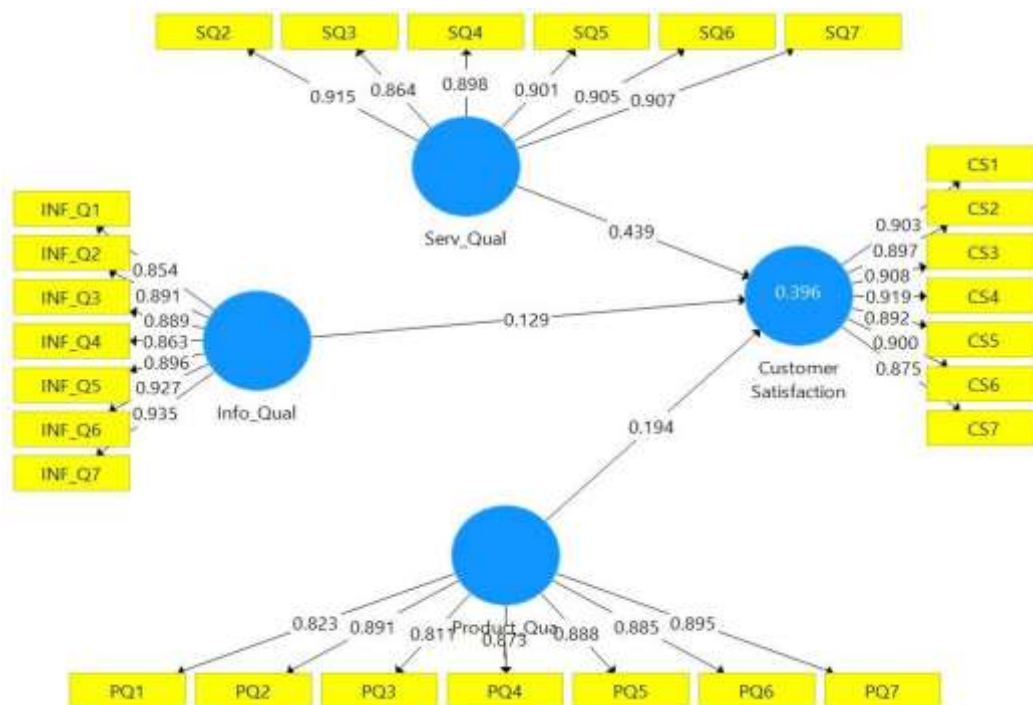
Harman’s single-factor test was performed with confirmatory factor analysis on all 28 items that measure the entire constructs as an un-rotated principal factor to determine the number of factors that accounted for the constructs' variance. A single factor explained 33.18% total variance, which is well below 50%. Thus, CMB was not a potential threat to the data set (Lindell and Whitney, 2001; Reio, 2010; Henseler *et al.*, 2014; Vishwanath, 2017).

Regarding the multicollinearity, both inner and outer model variance Inflation Factors (VIF) was below five indicating the data set is free from collinearity issue. Construct validity and reliability were achieved through composite reliability and Average Variance Extracted (AVE) as seen in Table 1. The items' outer loadings were also above 0.708 (except one item in service quality which loaded with 0.532 and was deleted from the data set), measurement of the reliability of the data set can be seen in Figure 3.

Table 1: Construct validity and reliability result (SmartPLS algorithm report)

| Latent Constructs | Cronbach's Alpha | rho_A | Composite Reliability | AVE |
|-----------------------|------------------|-------|-----------------------|-------|
| Customer Satisfaction | 0.961 | 0.963 | 0.967 | 0.809 |
| Info_Qual | 0.958 | 0.961 | 0.965 | 0.799 |
| Product_Qual | 0.945 | 0.954 | 0.955 | 0.752 |
| Serv_Qual | 0.952 | 0.953 | 0.962 | 0.807 |

Figure 3: Showing indicators' outer loadings.



Source: PLS Algorithm report



Table 2: Respondents' profile (n-384)

| Variables | Codes | Frequency | Per cent |
|---|---------------------------|-----------|----------|
| Gender | Male | 288 | 75.0 |
| | Female | 96 | 25.0 |
| Age | Below 30 yrs | 92 | 24.0 |
| | 30 to 40 yrs | 119 | 31.0 |
| | 41 to 50 yrs | 96 | 25.0 |
| | Above 51 yrs | 77 | 20.1 |
| Marital Status | Married | 345 | 89.8 |
| | Unmarried | 24 | 6.3 |
| | Divorced | 13 | 3.4 |
| | Missing Value | 2 | .5 |
| Average Shopping Expenditure Per Month | Below 5000 taka per month | 237 | 15.6 |
| | 5000 to 10000 taka | 102 | 40.1 |
| | Above 10000 taka | 45 | 44.3 |
| Purchase Frequency | Regular | 115 | 29.9 |
| | Once a month | 175 | 45.6 |
| | Some time | 94 | 24.5 |
| Knowledge about Products | Yes | 179 | 46.6 |
| | No | 204 | 53.1 |
| | Missing Value | 1 | .3 |

As shown in Table 2, 75% of respondents are male, while 25% are female, indicating that male consumers often purchase leather goods. An average consumer spent less than 2500.00 taka per month. 45.9% of respondents purchase leather products once every three months. 53.1 % of respondents opined that they do not have any pre-idea or knowledge about good quality leather products.

HYPOTHESES TESTING

The study sought to determine the relationship between "service quality," "product quality," "information quality" and consumer satisfaction when purchasing leather products. H₁ was a premise in the prediction that service quality might influence consumer satisfaction. The path relationship is significant at 1 per cent (t=7.527; p-value is 0.000). This statistical analysis rejects the null hypothesis (referring to Table 3). Service quality construct has a positive effect on customer satisfaction. The study rejects the null hypothesis while the alternative hypothesis is **supported**.

Table 3: Bootstrapping result (5000 sub-sample)

| Path Relationship | Hypothesis | Original Sample | Sample Mean | Standard Deviation | T Statistics | P Values |
|---------------------------------------|----------------|-----------------|-------------|--------------------|--------------|----------|
| Serv_Qual -> Customer Satisfaction | H ₁ | 0.439 | 0.441 | 0.058 | 7.527 | 0.000 |
| Product_Qual -> Customer Satisfaction | H ₂ | 0.194 | 0.193 | 0.060 | 3.225 | 0.001 |
| Info_Qual -> Customer Satisfaction | H ₃ | 0.129 | 0.130 | 0.049 | 2.620 | 0.009 |

The path relationship between product quality and customer satisfaction is significant at 1 per cent (t=3.225; p-value is 0.001). This statistical analysis rejects the null hypothesis (referring to Table 3). The study found a positive effect of product quality on customer satisfaction confirming that the alternative hypothesis (H₂) is **supported**.

Information quality constructs might have a significant impact on customer satisfaction (H₃). The path relationship is significant at 1 per cent (t=2.620; p-value is 0.009). This statistical analysis rejects the null hypothesis. There is a positive effect of service quality on customer satisfaction (referring to Table 3). Therefore, the study rejects the null hypothesis and found that the alternative hypothesis is **supported**.

MODEL ASSESSMENT

The coefficient of determination or r² gives the combined effects of independent variables on the dependent variable, i.e. it represents the amount of variance in the endogenous constructs explained by all of the exogenous constructs linked to it (Tabachnick and Barbara, 2019). The study achieved (referring to Figure 2) an r² value of 0.396, indicating that the independent variables together have a 39.6% variance on the dependent variable. According to Cohen (1988), the researcher has found that information quality and product quality have a small effect on customer satisfaction while service quality has a medium effect (referring to Table 4).



Table 4: Effect Size

| Independent Variables | Dependent Variable (Customer Satisfaction) | Decisions |
|-----------------------|--|---------------|
| Info_Qual | 0.023 | Small Effect |
| Product_Qual | 0.043 | Small Effect |
| Serv_Qual | 0.199 | Medium effect |

Standardised Root Mean Square Residual (SRMR) reading has grown in popularity, and the researchers considered that an SRMR value below 0.08 represents a useful result. Table 5 below shows that the SRMR value is 0.044 (<0.8), indicating that the model fits the goodness of fit criterion. According to Hair et, al. (2014), the Normed Fit

Index (NFI) value of a model should be above 0.9 to achieve goodness of fit (The NFI constructs a Chi² score based on the hypothesis tested and compares it to a tangible benchmark value). As shown in Table 5, the NFI value is 0.939, above the recommended threshold (>0.9). This data analysis confirms further goodness of fit of the model.

Table 5: SRMR and NFI report

| Result | Saturated Model | Estimated Model |
|------------|-----------------|-----------------|
| SRMR | 0.044 | 0.044 |
| d_ULS | 0.727 | 0.727 |
| d_G | 0.306 | 0.306 |
| Chi-Square | 667.447 | 667.447 |
| NFI | 0.939 | 0.939 |

CONCLUSION AND GUIDELINES FOR FUTURE RESEARCH

Assessing customer satisfaction is a continuous process. Business needs to remain updated and keep their performance increasing. This research's objective was to test the effect of some defined set of variables on customer satisfaction who purchase leather goods. All three hypotheses were supported, indicating that service quality, product quality and information quality significantly influence customer satisfaction. 53.1% of respondents have limited or no knowledge about good quality products, indicating that product information is not reached to the customers. This research might help managers of leather industries to provide better service, increase product quality and inform the customers about the product (through advertising).

The research is not free from limitations. The researcher could select some more variables like store location, customer motivation, perceived usefulness, and user benefit as independent variables. Purposive sampling may limit the generalisability of the result. Due to time and fund availability, the researcher could not conduct a mixed-method or qualitative research (human behaviour also demands opinions and comments from the people involved) which could have made the research more authenticated as suggested by Ivanko (2003). Future researchers may expand the customer satisfaction study into a cross-sectional study.

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